



FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) FEDERAL INSURANCE MITIGATION ADMINISTRATION (FIMA) APPEAL DECISION

FEMA Flood Insurance Appeal Decision #B20

SUMMARY

The policyholders appeal the flood insurance carrier's (hereinafter "insurer") denial of a claim under the Standard Flood Insurance Policy (SFIP)¹ for damages to their property arising in August 2017.

The policyholders file this appeal under 44 C.F.R. § 62.20. The appeals process is available after the insurer issues a written denial, in whole or in part, of the policyholders' claim.²

After reviewing the issues, evidence, and relevant authorities, FEMA affirms the insurer's decision.

BACKGROUND

COVERAGE

The policyholders insure property under the SFIP Dwelling Form. At the time of loss, the policyholders had \$200,000 of building coverage and \$100,000 of personal property coverage.

EVENT AND CLAIM FACTS

The policyholders notified their insurer of the loss and the insurer assigned an adjuster to inspect the property. The adjuster inspected the property in September 2017, and documented a 25-inch exterior water line and an 18-inch interior water line on the main building. The adjuster also recorded a 24-inch exterior water line and 20-inch interior water line on a detached garage.

The adjuster documented building damage to trim, carpet and pad, drywall, paint, doors, windows, cabinets, ceramic tile, and appliances. The adjuster documented personal property damage to furniture, appliances, and household items. The adjuster prepared an estimate for covered damages for the insurer's review.

¹ See 44 C.F.R. § 61.13 (2016); Dwelling Form available at 44 C.F.R. pt. 61 App. A(1) [hereinafter "SFIP"].

² The policyholders' appeal and related documents concerning the appeal, claim, or policy are on file with FEMA, Federal Insurance and Mitigation Administration, Federal Insurance Directorate, Policyholder Services Division, Appeals Branch [hereinafter "Appeal File"].

The insurer reviewed the adjuster's estimate and in October 2017, the insurer issued the policyholders payment totaling \$63,946.71 for personal property damages. On January 22, 2018, the insurer issued the policyholders payment totaling \$42,342.87 for building damages.

In May 2019, the policyholders requested an additional payment for repairs and submitted an estimate for consideration. The insurer denied the supplemental estimate due to insufficient documentation. The insurer requested various documents from the policyholders such as a signed contract, itemized estimates broken out by room, and proof of incurred costs.

In a letter dated September 2019, the insurer denied the policyholders' request for additional payment citing the loss settlement provision of the SFIP. The insurer also stated they had not received documentation proving the actual cost incurred for the repairs totaled more than the amount already paid by the insurer.

The policyholders appealed the denial in a letter dated November 2019. In support of their appeal, the policyholders provide an estimate, invoice, bank statements, and copies of cancelled checks.

ISSUE

The policyholders are appealing the denial of their request for additional payment.

RULES

The SFIP requires the policyholders provide a signed and sworn-to proof of loss and all bills, receipts, and related documentation fully supporting the amount claimed.³

The SFIP provides coverage for like kind and quality of materials that have been damaged by or from flood.⁴

ANALYSIS

On appeal, the policyholders request additional payment for costs associated with repairing his home. The SFIP requires the policyholders provide a signed and sworn-to proof of loss and all bills, receipts, and related documentation fully supporting the amount claimed.

When policyholders request additional payment where the estimated cost or the paid price to repair exceeds the building claim payment, plus the deductible and depreciation, the policyholders must document the full loss, which includes proof of repairs and price, as well as the scope of unrepaired damage. For completed repairs, the policyholders should provide copies of the contractor estimate with corresponding proof of payment (credit card invoices, cancelled checks, debit entry in bank account registry for cash payments), contractor repair receipts, new material purchase invoices, and the like, plus

³ See SFIP (VII)(J)(3)-(5).

⁴ See SFIP (VII)(V)(2)(a)(2).

all photographs of all repaired damages. For any repairs not started or in progress, the policyholders should provide copies of the contractor and policyholder-signed repair agreement with the corresponding estimate to repair, material purchase orders, and the like, plus photographs of all non-repaired property. When documenting a request for additional payment, the policyholders should keep in mind that the SFIP provides coverage for like kind and quality of materials that have been damaged by or from flood. For any disputes over the cost or price of items paid by the insurer, the policyholders must provide an explanation and documentation that justifies the increase in costs for labor or higher-quality material that is not noted in the adjuster's estimate. The pricing should be reasonable and customary to the loss and location.

FEMA's review finds the policyholders have not properly documented their request for additional payment. If the policyholders wish to continue pursuing additional payment, FEMA recommends the policyholders provide photographs directly to the insurer, documenting the repairs that have been made. If the policyholders are unable to provide photographs or the documentation presented is questionable, the insurer should have the adjuster re-inspect the property to verify the scope and quality of repairs.

Based on the information presented, FEMA's review finds the insurer properly denied the policyholders' request for additional payment.

CONCLUSION

Based on facts and analysis above, FEMA agrees with the insurer's decision to deny the policyholders' request for additional payment.